



[4830-01-P]

DEPARTMENT OF THE TREASURY

Internal Revenue Service

26 CFR Part 1

[TD 9619]

RIN 1545-BD84

Regulations Enabling Elections for Certain Transaction Under Section 336(e); Correction

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTIONS: Correcting amendment.

SUMMARY: This document contains amendments to correct errors in final regulations [TD 9619] that provide guidance under section 336(e) of the Internal Revenue Code (CODE), which authorizes the issuance of regulations under which an election may be made to treat sale, exchange or distribution of at least 80 percent of the voting power and value of the stock of a corporation (target) as a sale of all its underlying assets. These regulations were published in the **Federal Register** on Wednesday, May 15, 2013.

DATES: This correction is effective on **[INSERT DATE OF PUBLICATION OF THIS DOCUMENT IN THE FEDERAL REGISTER]**, and is applicable beginning May 15, 2013.

FOR FURTHER INFORMATION CONTACT: Mark J. Weiss, (202) 622-7930 (not a toll-free number).

SUPPLEMENTARY INFORMATION:

Background

The final regulations (TD 9619) that are the subject of this correction are under section 336(e) of the Code.

Need for Correction

As published May 15, 2013 [78 FR 28467] TD 9619 contains errors that may

prove to be misleading and is in need of clarification.

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List of Subjects in 26 CFR Part 1

Income taxes, Reporting and recordkeeping requirements.

Correction of Publication

Accordingly, 26 CFR part 1 is corrected by making the following correcting amendments:

PART 1--INCOME TAXES

Paragraph 1. The authority citation for part 1 continues to read in part as follows:

Authority: 26 U.S.C. 7805 * * *

Par. 2. In §1.336-2, paragraphs (b)(1)(i)(C) and (h)(8) Example 2. (ii) are revised to read as follows:

§1.336-2 Availability, mechanics, and consequences of section 336(e) election.

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(b) * * *

(1) * * *

(i) * * *

(C) Tiered targets. In the case of parent-subsidary chains of corporations making section 336(e) elections, the deemed asset disposition of a higher-tier subsidiary is considered to precede the deemed asset disposition of a lower-subsidary.

* * * * *

(h) * * *

(8) * * *

Example 2. * * *

(ii) Making of election for S Corporation Target. Because S Corporation Target is an S Corporation Target, in order to make a section 336(e) election for the qualified stock disposition of S Corporation Target, the requirements of paragraph

(h)(3) of this section must be satisfied. On or before the due date of S Corporation Target's Federal income tax return that includes Date 1, A, B, C, and S Corporation Target must enter into a written, binding agreement to make a section 336(e) election; S Corporation Target must retain a copy of the written agreement; and S Corporation Target must attach the section 336(e) election statement to its timely filed Federal income tax return for the taxable year that includes Date 1.

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Par. 3. Section 1.1502-13 is amended by revising the heading of paragraph (f)(5)(ii)(C) to read as follows:

§1.1502-13 Intercompany transactions.

* * * * *

(f) * * *

(5) * * *

(ii) * * *

(C) Sections 338(h)(10) and 336(e). * * *

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Martin V. Franks

Chief, Publications and Regulations Branch

Legal Processing Division, Associate Chief Counsel

(Procedure and Administration).

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